

Message Text

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TO SECSTATE WASHDC 2071

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AMEMBASSY JAKARTA

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UNCLAS SINGAPORE 0812

E.O. 11652: N/A

TAGS: EFIN EINV SN

SUBJ: SINGAPORE PRESIDENT CONCENTRATES ON DOMESTIC
PROBLEMS AT OPENING OF PARLIAMENT

1. SUMMARY: IN SPEECH OPENING PARLIAMENT, PRESIDENT SHEARES CONCENTRATED ON DOMESTIC AND ECONOMIC MATTERS, SAYING SINGAPORE HAD REAL GROWTH OF 7 PERCENT IN 1974 AND EXPECTS POSITIVE GROWTH, WITH UPTURN IN SECOND HALF IN 1975. HE MENTIONED STEPS GOS PLANS TO DEAL WITH TRANSPORTATION CONGESTION, HOUSING NEEDS FOR SENIOR CITIZENS, AND GROWING CRIME RATE. HE SAID "PRIMARY DUTY OF GOVERNMENT IS TO ESTABLISH A SOCIETY IN WHICH EVERYONE HAS AN EQUAL CHANCE TO LIVE, LEARN, TRAIN, WORK, AND EARN TO BEST OF HIS ABILITY." ADDENDA BY SEVERAL MINISTRIES PROVIDED ADDITIONAL DETAILS, INCLUDING PLANS TO ESTABLISH A CENTRAL BANK, NEW INCENTIVES FOR SELECTED FOREIGN INVESTMENT AND INDICATING THAT THIS YEAR'S BUDGET MAY PROJECT A DEFICIT FOR THE FIRST TIME. END SUMMARY.

2. PRESIDENT SHEARES, IN CEREMONIAL SPEECH OPENING
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CURRENT SESSION OF PARLIAMENT, FEB 21, EMPHASIZED GOS

CONCERN ABOUT ECONOMIC RECOVERY AND OTHER DOMESTIC PROBLEMS. HE EXPECTS ECONOMIC UPTURN IN SECOND HALF OF 1975, BUT SAID SINGAPOREANS SHOULD BE SATISFIED WITH 5 PERCENT TO 7 PERCENT REAL GROWTH IN NEAR FUTURE, RATHER THAN THE 10 TO 12 PERCENT EXPERIENCED IN THE FIVE YEARS UP TO 1973.

3. HE NOTED CONCERN OVER TRAFFIC CONGESTION AND GOS PLANS FOR RESTRICTING CENTRAL CITY TRAFFIC LATER THIS YEAR AND PLANS FOR A MASS RAPID TRANSIT SYSTEM BY THE LATE 1980S. HE SAID POLICE MANPOWER WILL BE AUGMENTED BY NATIONAL SERVICEMEN TO CONTINUE CAMPAIGN AGAINST CRIME. ALSO, GOS WILL ADOPT MEASURES TO ENCOURAGE YOUNG COUPLES TO HAVE THEIR PARENTS LIVING WITH THEM.

4. FINANCE MINISTRY ADDENDUM SAID POLICY IS "TO COUNTER EFFECT OF CURRENT WORLD RECESSION AND PREPARE . . . FOR RECOVERY." TAX EXEMPTIONS WILL BE EXTENDED UP TO 10 YEARS FOR KEY PIONEER INDUSTRIES SUCH AS MACHINE TOOLS, PRECISION INSTRUMENTS AND PETROCHEMICALS. ALSO, GOS WILL ASSIST IMPROVEMENT AND EXPANSION OF OTHER INDUSTRIES; WILL USE "SPARE CONSTRUCTION CAPACITY AND LABOR" TO EXPAND ECONOMIC INFRASTRUCTURE (WHARVES, INDUSTRIAL SITES, TELECOMMUNICATIONS, AND AIRPORT FACILITIES). BECAUSE OF SLOWDOWN, TAX REVENUES MAY BE INSUFFICIENT; THEREFORE, GOS MAY "DRAW UPON FOREIGN EXCHANGE RESERVES" WHICH REACHED \$6.5 BILLION ON JAN 1. BOARD OF COMMISSIONERS OF CURRENCY WILL BE MERGED WITH MONETARY AUTHORITY OF SINGAPORE (MAS) TO FORM A CENTRAL BANK, APPROXIMATELY END OF 1975. CURRENCY WILL CONTINUE TO HAVE 100 PERCENT BACKING BY RESERVES OF GOLD AND FOREIGN CURRENCIES.

5. MIN DEF ADDED: NON-COMBAT TYPES OF TRAINING WILL BE KEYED INTO CIVILIAN CAREER PLANS OF DRAFTEES.

6. MFA ADDENDUM CITED ASEAN OPPORTUNITY FOR NEW ROLE IN THE SITUATION ARISING FROM REDUCED "AMERICAN AND WESTERN" MILITARY PRESENCE IN AREA; ASEAN CAN QUICKEN PACE OF NEW REGIONAL COOPERATION AND ECONOMIC DEVELOPMENT.
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MENT PROJECTS. GOS WILL ALSO SEEK INCREASED TRADE RELATIONS WITH AND INVESTMENTS BY MID-EAST COUNTRIES. A SINGAPORE IRAN JOINT ECONOMIC COMMISSION IS BEING DISCUSSED. GREATER TRADE WITH ALL, INCLUDING EASTERN EUROPE, WILL BE SOUGHT. ADDENDUM NOTED: "SEA COMMUNICATIONS ARE VITAL TO SINGAPORE."

7. EDUCATION: SYSTEM WILL BE RESTRUCTURED TO REDUCE WASTE, IMPROVE QUALITY OF EDUCATION, AND INCREASE

SUPPLY OF TRAINED MANPOWER. PRIMARY EDUCATION WILL BE INCREASED TO A NORM OF SEVEN YEARS. EDUCATIONAL INFRA-STRUCTURE WILL BE UPGRADED.

8. LABOR MIN ADDENDUM CALLS FOR MODERNIZATION OF INDUSTRY, IMPROVEMENTS IN THE TRIPARTITE STRUCTURE OF AND QUALITY OF INDUSTRIAL RELATIONS, BETTER INDUSTRIAL SAFETY STANDARDS, AND EASIER EMPLOYMENT PROCEDURES FOR YOUNG PEOPLE.

9. NATIONAL DEVELOPMENT MINISTRY SAID GOS WOULD STIMULATE CONSTRUCTION INDUSTRY, BOTH PUBLIC AND PRIVATE SECTORS. ONE MILLION PEOPLE, 45 PERCENT OF POPULATION, NOW LIVE IN HDB FLATS. ALTHOUGH 26,000 NEW UNITS BUILT IN 1974, THERE IS A LIST WAITING FOR ADDITIONAL 100,000 UNITS.

10. MIN COMMUNICATIONS ADDENDUM RESTATED POLICY TO EXPAND AND IMPROVE COMMUNCAITIONS INFRASTRUCTURE TO MAKE SINGAPORE COMMUNICATIONS CENTER FOR REGION. BUS SYSTEM IS TO BE IMPROVED; RESTRICTIONS ON TRAFFIC IN CENTRAL BUSINESS DISTRICT ARE PLANNED FOR SECOND HALF; AND OTHER STEPS WILL BE TAKEN TO REDUCE ROAD CONGESTION. SECOND PHASE OF MASS RAPID TRANSIT STUDY (MTS) WILL BE COMPLETED IN 1975. GOS WILL CONTINUE TO UPGRADE TELECOMMUNICATIONS FACILITIES.

11. COPY OF SPEECH AND 12 ADDENDA POUCHED TO EA/IMS FEB 28.

12. COMMENT: PRESIDENT SHEARES' ECONOMIC PREDICTIONS FOR 1975 AND HIS FIGURE FOR REAL GROWTH IN 1974 ARE HIGHER THAN WE EXPECTED. HOWEVER, IT MAY NOT BE POSSIBLE TO COMMENT MORE FULLY UNTIL WE CAN REVIEW THE STATISTICS
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WHICH ARE USUALLY RELEASED WITH THE BUDGET MESSAGE IN EARLY MARCH. EXCEPT FOR HINT THAT GOS BUDGET FOR 1975 MAY PROJECT A DEFICIT, NO DEPARTURE FROM EXPECTED TREND OF GOS POLICY IS APPARENT.

13. DEFEAT OF THE MOTION TO THANK PRESIDENT SHEARES FOR HIS SPEECH HAS CENTERED ON SOCIAL AND ECONOMIC SERVICES OF THE GOVERNMENT AND HOW TO DEAL WITH THE SLUMP IN ECONOMIC ACTIVITY. PROPOSALS IN THE VARIOUS ADDENDA HAVE RECEIVED GOOD COVERAGE AND AMPLICATION IN PRESS. TEN BILLS WERE INTRODUCED IN PARLIAMENT TUESDAY TO IMPLEMENT SOME OF GOS POLICY OUTLINED IN PRESIDENT'S SPEECH AND ADDENDA. MORE ARE IN PREPARATION. COMMENTS BY BUSINESS LEADERS HAVE BEEN GENERALLY FAVORABLE TOWARD CREATION OF CENTRAL BANK AND GOS FISCAL POLICY THAT HAS BEEN ALREADY DIS-

CLOSED. THE ABSENCE OF A PROPOSAL FOR MORE GOVERNMENT
PROMOTION OF EXPORTS MAY ELICIT SOME CRITICISM, BUT SO FAR
THIS IS MUTED, PERHAPS PENDING THE DETAILS THAT WILL BE
MADE AVAILABLE WHEN THE BUDGET MESSAGE IS RELEASED.

14. EXTENSION OF TAX HOLIDAY FOR SELECTED INDUSTRIES
TOGETHER WITH GOS
ACTIVE RECRUITMENT EFFORTS IN DCS
SHOULD STIMULATE UPSURGE OF FOREIGN INVESTMENT HERE
WHEN RECESSION MENTALITY BOTTOMS OUT IN US, EUROPE AND
JAPAN.
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